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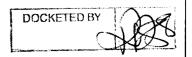
COMMISSIONERS

GARY PIERCE, Chairman BOB STUMP SANDRA D. KENNEDY PAUL NEWMAN BRENDA BURNS RECEIVED

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AZ CORP COMMISSION DOCKET CONTROL Arizona Corporation Commission DOCKETED

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY, AND FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR UTILITY SERVICE FURNISHED BY ITS WESTERN GROUP AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01445A-10-0517

NOTICE OF PARTIES'
AGREEMENTS REGARDING
SETTLEMENT HEARING
PROCEDURAL MATTERS

Applicant Arizona Water Company, on behalf and with the consent of the Arizona Corporation Commission Utilities Division ("Staff"), the Residential Utility Consumer Office ("RUCO"), Abbott Laboratories ("Abbott") and the Water Utility Association of Arizona ("WUAA") (collectively referred to as the "Parties"), at the direction of ALJ Farmer (who was sitting in place of ALJ Harpring at the February 21, 2012 public hearing of this matter), gives notice that the Parties have met and conferred regarding certain procedural issues in the upcoming settlement hearings. The Parties hereby provide the Commission and ALJ Harpring of the results of their discussions and those agreements related to the March 1, 2012 settlement hearing set in this matter:

1. The Parties plan to file witness summaries of their settlement testimony on or before Tuesday, February 28, 2012.

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- 2. The Parties will agree on a form of issues "matrix", essentially setting forth the key terms of the agreed settlement in this matter, and that matrix will be submitted as an exhibit in the settlement hearing.
- 3. The Parties agree and stipulate that all prefiled testimony and exhibits in the case in chief may be admitted into evidence without objection at the settlement hearing.
- 4. The Parties agree that Arizona Water Company cost of capital witness Dr. Thomas Zepp, who resides in Oregon, may appear telephonically at the settlement hearing, if his testimony is necessary (Dr. Zepp is not being called as a witness). The Parties also agree to cooperate regarding calling witnesses out of order as necessary to accommodate their schedules and inform the Commission that Staff's witness, Steven Olea, and one of RUCO's witnesses, Jodi Jerich, will not be able to testify until the afternoon of March 1.

Should the Commission desire to amend or countermand any of these agreed procedural points among the Parties, they will await notice of same and are prepared to abide by ALJ Harpring's orders if they differ from the above.

RESPECTFULLY SUBMITTED this 23rd day of February, 2012.

BRYAN CAVE LLP

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Steven A. Hirsch, #006360 Stanley B. Lutz, #021195

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Attorneys for Arizona Water Company

ORIGINAL and 13 copies of the foregoing filed this 23rd day of February, 2012, with:

Docket Control Division Arizona Corporation Commission 1200 W. Washington Street

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